JAPAN'S AMERICAN FUTURE

JAPAN

FROM PAGE 30

ance. It is very good at anticipating future conditions and being in the right position."

Toyota Motor Sales executives declined to discuss Toyota's strategy for the future.

HONDA

Honda's 1990s plan for the U.S. market is very simple. Says American Honda Chairman Tetsuo Chino: "We have no other strategies than to increase production and the amount of local components here."

That is not all Honda is doing, by a long shot. But Chino's summary is an acknowledgement that Honda's star is hitched to the U.S. market more than ever.

Its early commitment to U.S. auto production, starting with the first Ohio-built Accords in 1982, helped make Honda the best-selling Japanese car, pushing it past Nissan and Toyota in passenger-car sales.

That commitment to U.S. assembly looks even better now that the appreciation of the yen has virtually eliminated any Japanese production cost edge and while restrictions on exports to the United States continue.

Honda's North American sales goal is one million cars a year by 1990, Chino said.

To achieve a roughly 50 percent growth over 1986 sales, Honda is taking several steps to build on what it perceives as its existing strengths. North American operations, already the keystone of Honda's empire, are being consolidated under Chino.

It is an expression of Honda's increasingly global outlook and will help rationalize Honda's decision — due at year's end — on another North American assembly plant. Options include building a second U.S. assembly plant or expanding Honda's new Canadian facility, Honda executives say.

The first option would likely be a plant of about 200,000 annual capacity located near Honda's expanding engine plant in Anna, Ohio.

Expanding Honda's Alliston, Ontario, plant from 80,000 annual capacity to a full-fledged assembly plant with its own stamping facilities could be brought on stream more quickly than a greenfield U.S. plant.

Honda also is planning a new round of efforts to increase U.S. parts and component sourcing because of the strong yen.

Honda's internal planning assumes no significant changes in existing quotas on Japanese car exports to the United States.

Chino said Honda will be able to achieve its previous goal of 66 percent local content (including labor) by 1989 and will soon set a new goal for a higher level, perhaps as high as 75 percent.

Most future growth in the United States will be through the Acura Division, Chino said. Acura topped 100,000 sales in its first 15 months. Honda expects 400,000 Acura sales annually by the early 1990s with an eventual maximum of 600 dealers by 1991, Chino said.

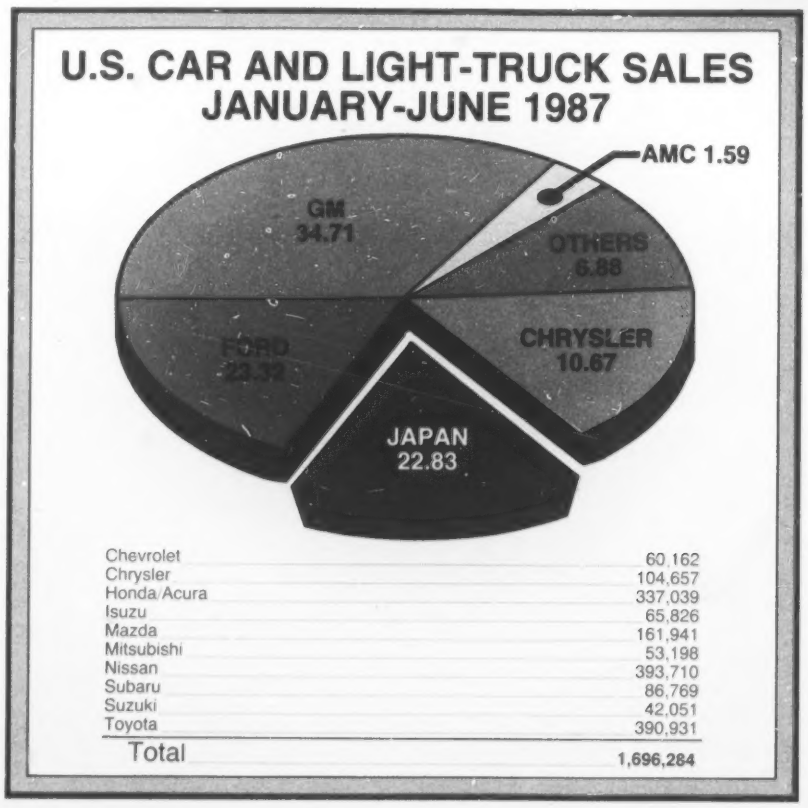
NISSAN

Nissan intends to reach one million car and truck sales in the United States by the early 1990s, up from 780,000 in the 1986 model year, Senior Vice President King says.

He said Nissan could accomplish that in a number of ways. Among the options from which it could choose are to open a second distribution channel -- details of which were revealed last week — increase the number of dealers and broaden the product range.

Nissan's sales growth in the United States must come from sources other than Japanese car exports, because auto industry officials expect car quotas to stay as they are. Yutaka Kume, president of the parent company, said in Mexico that shipping Nissans from Mexico to the United States is a possibility.

Production outside Japan, currently 325,000 a year, or 12.5 percent of the total, will grow to 25 percent by the early 1990s, Nissan Executive Vice President Atsushi Muramatsu said in March.



Chevrolet	60,162
Chrysler	104,657
Honda/Acura	337,039
Isuzu	65,826
Mazda	161,941
Mitsubishi	53,198
Nissan	393,710
Subaru	86,769
Suzuki	42,051
Toyota	390,931
Total	1,696,284

Nissan has had internal problems, reflected in a Japanese market-share drop from 30 percent to 24 percent during the last six years. In the 1986 fiscal year ended Sept. 30, the parent company recorded its first operating loss since going public in 1951.

Daiwa Securities' research department noted that the rapid appreciation of the yen has revealed Nissan's structural problems, including "unprofitable domestic sales and overseas production subsidiaries operating at a loss."

Personnel changes have been made on both sides of the ocean.

King believes Nissan quickly will be able to put the management changes behind it.

Analysts believe poor consumer awareness and image were at least partially behind Nissan's decision in April to fire long-time advertising agency William Esty.

Of all the Japanese automakers, analysts say, Nissan has the purest marketing orientation — a corporate strategy of producing what will sell best, rather than selling what can be produced best. King said he believes that emphasis will serve Nissan well in the next decade.

New products, technology important to Middle 3

The "Middle 3" Japanese automotive importers have growth plans based on new U.S. assembly plants to stay ahead of their smaller Japanese competitors.

But Mazda, Subaru and Mitsubishi part company on their 1990s approaches to dealing with Japan's Big 3.

Mitsubishi Motor Sales of America will broaden its U.S. car and truck lineup to challenge the Japanese Big 3 directly by price-positioning cars against import competitors virtually across the board.

Mazda Motors of America also will broaden its lineup to at least four separate car lines, but will seek more of an upscale, specialty brand image.

Subaru of America will stick to its niche marketing strategy, with no expansion of its basic three-platform lineup.

The difference between the three biggest Japanese automakers and the next three is far more striking in the United States than in the Japanese home market. The *combined* share of the U.S. car market for Mazda, Subaru and Mitsubishi for the first half of 1987 was 3.85 percent, compared with 5.13 percent for Toyota, 5.43 percent for Nissan and 6.63 percent for Honda.

Car sales for the first six months of this year also were disparate. Mitsubishi sold 34,147 units, up 43.7 percent over a disppointing first half of 1986. But Mazda and Subaru were each down nearly 14,000 cars. Mazda sales fell 13.5 percent to 89,573, and Subaru was off 15.3 percent to 77,514.

The Middle 3 approach to 1990s dealer networks differs as well.

Mitsubishi expects to expand from 167 dealers to 328 by 1991. Mazda will "expand as conditions permit" from its current total of 779 to about 1,000 by 1991. Subaru plans no overall change in its 800 dealer outlets, but will continue its upgrading program.

Mazda Motors of America will add at

mazda

least one car line by 1989.

"We've been crawling because we were hampered so much by the quotas," said Rod Hayden, general manager of Mazda Motors of America (Central). "We're going to break it all loose and do what we wanted to do in 1982 and '83. Katie bar the door 'cuz here comes Mazda."

A new flagship, a rear-drive, four-door 929 arrives this fall. Mazda is entering that market later than the Acura Legend, but ahead of similar large models expected in the next year or so from Toyota and Nissan.

The 929 will be the highlight of Mazda's 1988 lineup and will point the future direction of Mazda's image, said one analyst.

"The 929 is a technological tour-de-force, as good as anything the Germans are doing," said analyst Peterson.

Mazda has been rumored to have an entry-level model in the wings, ready to be marketed as the 121. Produced by Kia in South Korea, it would be virtually the same as the Festiva that Kia is currently supplying to Ford Motor Co. But Hayden flatly denied any plans to market a Kia-built minicar.

Additional distinctions within the Mazda marketing lineup are expected, starting this fall. The all-new 1988 626 will be imported from Japan in four-door and five-door form only. Flat Rock, Mich., will assemble a 626 sport coupe that will replace and upgrade the current 626 coupe.

The small 323 line will get a boost this fall with a GT version, and later a full-time 4wd model.

But other analysts see Mazda's U.S. growth hampered by a lack of a unified identity, caused by two independent sales arms. Mazda Motors of America (Central) handles sales in 31 Western and Central states. Mazda Motors of America (East) handles 19 Eastern states.

The unification of the two sales arms "is definitely necessary," Hayden agreed.

Subaru of America will cleave to the niche

SUBARU

player role that has proved so successful for it so far in the U.S. market. "We'll continue to play on the fringes rather than in the middle of the field," said President Tom Gibson.

Subaru sees its strong points as consumer belief in Subaru durability and value and dominance in passenger-car four-wheel drive.

"We see 4wd automotive sales mushrooming over the next five years," Gibson said. The 4wd car segment accounted for 150,000 sales last year, and Subaru thinks it will grow to 750,000 to 1 million by 1992-93.

"We take 55 percent of the segment now," he said. "As the segment grows, so will our sales. We won't take 50 percent of a million 4wd cars but, realistically, if we take 25 percent of it, we'll still be way ahead."

Subaru has no plans to expand dramatically on its three-platform lineup, which became that broad with the Justy minicar introduction during the 1987 model year.

But Subaru will continue to build on its 4wd technology base. It will add 4wd to the Justy in the future, Gibson said.

Besides output from the Subaru-Isuzu assembly plant in Lafayette, Ind., starting in late 1989 or early 1990, Subaru will start sourcing some Justys from Taiwan in 1989.

For 1988, Subaru's XT Sport Coupe will get a 2.7-liter flat-6 engine. And Justy, Subaru's new 1.2-liter minicar, will have 4wd available for the first time.

An upscale four-door sedan based on the XT's platform is possible next spring.

With half the eventual 240,000 annual capacity of the U.S. plant and the additional Justy source, Gibson expects Subaru to reach 300,000 annual sales by 1992-93. But the dealer total will stay around the present 800 and will never top 825, Gibson added.

Subaru may acquire more of its independent distributors by the early 1990s, but still will have both independent and company-owned distributors, Gibson said. After purchasing its Portland, Ore., independent in June, Subaru has six company-owned distributors and seven independents, plus independents in Hawaii and Puerto Rico.

"Subaru in the 1990s will be a company maturing after a significant growth period, a more sophisticated marketing company and more significant in the marketplace," Gibson said. "We'll have a sharper image in technology, customer satisfaction and value for the money. We won't be just another Japanese company."

After chafing under the Japanese government's export quotas, which restricted growth

MITSUBISHI

when it was establishing a direct U.S. sales arm, Mitsubishi is about to blossom, according to Richard Recchia, executive vice president and chief operating officer.

New imports from South Korea and production from the Mitsubishi-Chrysler Motors joint-venture plant in Bloomington, Ill., starting next spring, will allow Mitsubishi to double its dealer outlets by 1991, Recchia said.

Mitsubishi's 1990s strategic plan is beginning to take on substance, he said.

The Precis, a South Korean-built $5,195 entry-level clone of the Mitsubishi-designed Hyundai Excel, was introduced this spring and helped push Mitsubishi to record sales of 7,755 cars in June.

Mitsubishi's three-tiered sourcing plan consists of low-end products from South Korea, high-volume, medium-priced cars from the United States and high-end and specialty cars from Japan.

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JAPAN'S AMERICAN FUTURE

JAPAN

FROM PAGE 32

Mitsubishi's ambitious four-year introduction pace of a new product every six months starts this fall with the Galant Sigma, a top-of-the-line sedan aimed at the Acura Legend.

The three-tiered sourcing also will give Mitsubishi the product diversity to position vehicles more directly against other imports.

Recchia's 1989 lineup looks like this:

- Galant Sigma aimed at the Acura Legend and Toyota Cressida.
- Galant (replacing Tredia) positioned against Honda Accord and Toyota Camry.
- A Cordia successor from Bloomington aimed at the Nissan 200-SX.
- Starion vs. Toyota Supra and Nissan 300-ZX.
- Mirage positioned against Toyota Corolla, Nissan Sentra and Mazda 323.
- Precis aimed at Hyundai Excel, Volkswagen Fox and Toyota Tercel EZ.

The Montero sports utility vehicle is due for a major change in 1990 or 1991. The Galant Sigma will be replaced in 1991 or 1992, which could coincide with the addition to the lineup of a new front-wheel-drive van, possibly called Delica.

Little 3 are different and will become more so

The three smaller Japanese automotive importers also are the most diverse. Their plans for the 1990s are to become even more diverse.

American Isuzu Motors is well on its way to becoming a supermarket of Asian and European imports.

Suzuki of America Automotive Corp. will try to repeat its niche-conquering success of the Samurai.

Still untested in the U.S. market, Daihatsu America is just looking for a niche to fill. Its future is the most uncertain of any Japanese importer.

Expanded product lines are in the works for each of the three, and each has made optimistic sales forecasts and has predicted bright days ahead.

But executives at each of the three companies know the history of shakeouts in any industry favors the strong, the best-known and the long-rooted.

Managers are working vigorously to overcome their late arrival in the U.S. market, near invisibility among the car-buying public and products that compete in a saturated low-end segment that is most vulnerable to increased competition from low-wage countries.

Each is seeking a market position unique enough to withstand the shakeout traditionally associated with cyclical downturns, the next of which will occur in the late 1980s or early 1990s, according to many analysts.

But the analysts add: Do not write off any of these companies yet.

While conditions theoretically are ripe for consolidations or dropouts, no one is willing to single out Isuzu, Suzuki or Daihatsu as a victim.

Hanging over all three small Japanese companies is the Japanese government's quota on car exports to the United States. The quota system has stunted normal sales growth and dealer development for latecomers to the U.S. market.

Most industry observers expect the quota to remain at the current 2.3 million cars a year for the foreseeable future.

American Isuzu's long-term strategy is to get out of the commodity car business. But exactly where the company is going is still uncertain.

To continue selling only limited numbers of small cars like the I-Mark — a subcompact also sold as the Chevrolet Spectrum — was a losing game, said John E. Reilly, Isuzu senior vice president and general manager. Too many competitors with well-known names and well-established, independent dealer networks have similar products.

American Isuzu's quota is far too limited to permit the company to do as well with cars as it has done with trucks. With the stronger yen taking away low pricing as a competitive option for Japanese manufacturers, Isuzu was in the path of any future market downturn, Reilly said.

American Isuzu dealers needed more cars to sell, so Isuzu last winter went looking for non-affiliated companies overseas that would act as suppliers of Isuzu-branded cars, both entry-level and upscale.

But most established world-class automakers already had overseas partners or had intentions of marketing cars themselves in the United States. Isuzu changed its pitch by offering to sell cars with the manufacturer's own label through selected Isuzu dealers.

Deals for an upscale European import came very close with Alfa Romeo of Italy and Adam Opel AG, General Motors' West German subsidiary. But neither panned out.

The breakthrough came earlier this month when Isuzu and Bitter & Co., a West German coachbuilder, agreed that American Isuzu would be the worldwide distributor of the new Bitter, a performance and appearance upgrade of the Opel Omega priced between $35,000 and $43,000. Most of the projected 10,000 annual production will be sold here.

Isuzu still is negotiating with three other overseas manufacturers, including a maker of an entry-level car, Reilly said.

Those talks will ultimately determine the course of American Isuzu. Reilly originally pictured Isuzu of the 1990s as a far more upscale line, featuring "cars from $9,000 to $40,000," with a new, second franchise of entry-level cars.

Now, he believes the Isuzu nameplate will go on any low-end car while upscale vehicles, such as the Bitter, probably will carry only their own badge and have a separate advertising effort.

Isuzu's strength has been in small trucks, and trucks will continue to be emphasized, Reilly said.

Suzuki of America is looking for rapid growth in the United States. Its main weapon is a retail-oriented philosophy as unconventional as the Samurai, a mini sport-utility vehicle that is marketed to women as a sporty convertible.

Suzuki projects a sales rate of 300,000 annually by 1991.

It had sales of 47,732 in 1986, its first full calendar year in the United States, and it expects to sell all 76,000 the parent company can supply for 1988.

Additional 1989 models are due from a new Canadian plant shared by Suzuki and General Motors. Suzuki would appear to be a smashing success for a late entrant.

But Suzuki's position is more precarious than that of most Japanese importers, acknowledged Doug Mazza, general manager. Tight quota limitations have prevented Suzuki of America from importing any cars, although parent Suzuki Motors supplies GM (which owns 5.3 percent of Suzuki) with Chevrolet Sprints.

Suzuki of America has an ambitious new product plan starting with the opening of the factory in Ingersoll, Ontario. The plant will supply a 1989-model sport-utility vehicle that will be shared with Chevrolet. It will be slightly larger than the Samurai. The plant also will supply Suzuki of America's first car, a new-generation minicar (Chevy Sprint).

For 1990, the Ingersoll plant will send Suzuki of America its first exclusive car, a slightly larger car than the Sprint, followed by a 1991 exclusive small sports car aimed at the slot the Mazda RX-7 held until it moved upscale. Suzuki of America expects to get about 17.5 percent of the Ingersoll plant's production, about 35,000 a year.

But Suzuki of America's plan is based on correctly projecting where the import market is going so that Suzuki can hit the niches between big-volume cars. Even relatively minor shifts in the makeup of the import market could be magnified for niche marketers like Suzuki.

Suzuki of America will stick to "small, high-performance, unique vehicles that fill niches where nobody else is," President Toshiyuki Arai has said.

Because of its late entry into the United States, Suzuki adopted a different approach to marketing from the start, stressing retailing techniques to its dealers as a way of maximizing their profits.

Suzuki has trained its dealers to think of themselves as retailers, not vehicle wholesalers, making the sale of high-profit vehicle accessories part of the purchase consideration rather than an afterthought, Mazza said.

Daihatsu faces a host of problems: A strong yen that pushes up prices of Japanese goods here; being the ninth Japanese automaker to enter the U.S. market; entry into a segment that is already crowded with cars from low-wage countries; no name awareness; and a first-year quota of only 11,498 cars.

But the hardest part for Sota "John" Fukunaka, president and chief executive officer, and C.R. "Dick" Brown, vice president and chief operating officer, may be the failure of a deal between Bombardier of Montreal and Daihatsu Motor Co. on joint production in Canada in 1990.

That, and the parent company's continuing inability to close a deal for Daihatsu production in Poland, leaves Daihatsu America without a certain future source of vehicles from outside Japan.

It changes the roles of Fukunaka and Brown from strategists to tacticians, trying to start U.S. operations and build a dealer network for cars coming this fall without a clear idea where the company is headed.

"We have a scenario for every potential situation," said Brown. He said he is not worried about losing the Bombardier deal, which makes Daihatsu the only Japanese automaker without a U.S. or Canadian assembly plant or a commitment to build one.

"Right now, we just have to worry about getting started," he said.

Forty-one dealers have been selected — 39 in California, one in Nevada and one in Hawaii. Virtually all are duals. Because of limited supply, Daihatsu is not imposing any restrictions on dealers other than parts and training.

Daihatsu dealers do not have to invest in separate parts and service facilities or separate showrooms. That will come as supply is increased, Brown said. Daihatsu dealers do not have to contribute advertising funds to a central pool. There are no dealer ad associations.

The introduction of the Charade has been pushed back to Dec. 1, which means the initial 11,498 cars have to last only four months until the start of the 1988 quota year.

Daihatsu America apparently will market three trim levels of the Charade: base, middle and a sport version with turbocharger, air conditioning, stereo cassette tape player and alloy wheels.

Next spring, Daihatsu is expected to add the Rocky, a small sports utility vehicle larger than the Suzuki Samurai but smaller than the Toyota 4Runner or Chevy S-10 Blazer.

Quality pitch losing its punch; makers to promote brand image

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

In the future, Japanese automakers will place more emphasis on promoting their brand images and less emphasis on promoting product quality.

Consumer awareness of the quality improvements among virtually all domestic and import manufacturers will make quality a non-issue, according to researchers, analysts and importers.

At the same time, a public perception that any Japanese automotive product is superior is slipping. With the artificially short supply of Japanese cars pretty much a thing of the past, Japanese manufacturers are competing with each other more intensely and need greater brand distinction.

"Image and value are going to be the keys in marketing in the late 1980s and the 1990s rather than quality, price and distribution," said John Hammond, of J.D. Power and Associates.

"The discriminator between cars in the future will be image because the quality will be very close," agreed George Peterson, of the AutoPacific Group. "Today, the discriminator is quality because of the obvious difference between A and B. By the 1990s, though, customer satisfaction and the image that a car portrays for its owner will be the decisive factor."

The biggest factor behind the need for a more defined image is an abundant supply of imported Japanese cars.

"Only Honda will actually sell its quota this year, although nearly everybody will take the shipments," said Ron Glantz, of Montgomery Securities.

Nissan Motor Corp. in U.S.A., for example, began spending more on car advertising than on truck advertising earlier this year. That was a reversal of a pattern begun when the Japanese government's export quotas practically guaranteed Nissan car sales while the light-truck market was extremely competitive, said C.P. "Chuck" King, Nissan senior vice president — sales and marketing.

"We no longer have the luxury of spending 70 to 75 percent of our advertising and 95 percent of our promotion budget on trucks," King said. A desire for a more distinctive image was partially behind Nissan's April decision to drop William Esty, its advertsing agency of 10 years.

Peterson commended Nissan's effort. "Nissan and Toyota have nearly identical images in the United States," he said. "Those are good images, but it blurs the ability to create a distinction."

Mitsubishi Motor Sales of America will stress value, starting with the 1988 model year, said Richard Recchia, executive vice president and chief operating officer.

Honda's Acura Division is attempting to build an image comparable to that of European luxury cars in technology, performance and refinement, but a better value.

Similar tasks await Nissan and Toyota. Nissan last week announced plans for formation of its second dealer channel network to handle more upscale models. Toyota is expected to reveal similar plans by the end of the year.

Robots let China's workers breathe easier

By Zhou Shuchun

BEIJING, People's Republic of China — For six years, Dong Hongwei, a 26-year-old paint-sprayer of Jeeps at the Beijing Automobile Factory here, donned a gas mask and gray canvas overalls to do his job.

In spite of the protection, he feared he would breathe too much benzene from the suffocating paint-spray, which could harm his white blood cells.

He could not rid himself of that fear until late last year when a robot took the spray gun from his hand.

Dong, who now supervises the robot, is one of the first Chinese workers to be freed from a health-hazardous working environment. The paint-spraying robot in Dong's workplace signifies China's initial success in developing robotics technology.

Designed and made by the Beijing Research Institute of Automation, the PJ-1 robot consists mainly of a flexible arm of five joints connected to a control box. It has sprayed over 10,000 Jeeps after nine months in service at the Sino-U.S. joint venture, the Beijing Jeep Company Ltd.

While Dong's robot worked tirelessly on a production line, similar ones were on display at the recent China Robot '87 show here, alongside robots from West Germany, Great Britain, Japan and the United States.

China is not usually regarded as a robot producer, although robotics research began in the country a decade ago. The first Chinese robot, introduced in 1982 at the Shenyang Institute of Automation, was similar to an American model.

In the ensuing five years, nearly 100 "machine-persons" — the Chinese name for robots — have emerged at dozens of Chinese research centers.

One of them is an intelligent robot developed by Qinghua University in Beijing. A third-generation model, the robot plans its own action-sequence for a given task. Using computer vision, for example, it can find short-cuts to turn a pile of blocks into a house without human aid.

The Qinghua robot, considered to be up to world-level robotic development of the late 1970s and early 1980s, impressed foreign visitors as "much more advanced than we expected Chinese robots to be."

Most Chinese robots belong to the first-generation teaching-and-playback type. They are designed to replace people in dangerous, harmful or inaccessible working conditions.

"China has no robot industry to speak of yet. Our efforts have thus far remained within the domain of research," said Jiang Xinsong, general manager of the Research and Development Center of Robotics under the China Academy of Sciences.

So far, robot research projects have given little thought to functional aspects, and few projects have resulted in practical uses.

Also, the poor industrial level of Chinese factories prevents robot use. Experts say that under present typical workshop conditions in China, where mechanical precision standards fall short of minimum requirements, robots will not function.

China has hopes to grasp the basic robotics technologies and develop five families of robots for spot- and arc-welding, paint-spraying, cargo-carrying and underwater operations. ■

OVERSEAS REGISTRATIONS

SWEDEN
Cars

	5 mos., 1987	5 mos., 1986
BMW	2,134	2,066
Bertone	0	10
Daihatsu	519	3,218
Fiat Auto	3,430	3,218
Fiat	2,193	1,661
Lancia	704	1,104
Alfa Romeo	533	453
Ford	14,295	12,204
GM-Opel	13,186	10,249
Honda	1,572	1,859
Isuzu	46	0
Lada/VAZ	817	697
Mazda	5,640	5,054
Mercedes-Benz	3,309	3,336
Mitsubishi	1,222	904
Nissan	5,856	5,887
Peugeot SA	4,252	2,751
Citroen	1,579	1,164
Peugeot/Talbot	2,673	1,587
Porsche	199	246
Renault	1,621	1,425
Rolls-Royce	4	1
Saab	12,229	11,932
Skoda	42	59
Subaru	709	619
Suzuki	652	390
Toyota	8,972	5,727
VW Group	15,713	13,728
Volkswagen	9,992	8,866
Audi	5,721	4,862
Volvo	31,429	26,265
Others	121	44
Total	127,699	109,314

AUSTRIA
Cars

	4 mos., 1987	4 mos., 1986
BMW	2,164	2,505
Daihatsu	542	410
Fiat Auto	5,884	6,853
Fiat/Lancia	5,045	6,045
Alfa Romeo	839	808
Ford	8,797	8,468
GM-Opel	9,647	11,262
Honda	1,728	1,914
Jaguar	49	36
Lada	489	487
Mazda	7,382	7,367
Mercedes-Benz	3,138	3,247
Mitsubishi	2,569	1,891
Nissan	4,866	4,196
Peugeot SA	5,685	5,445
Citroen	2,535	2,186
Peugeot/Talbot	3,150	3,259
Porsche	122	181
Renault	4,244	4,215
Rover Group	67	75
Saab	87	125
Skoda	276	300
Subaru	1,372	1,395
Suzuki	680	560
Toyota	5,500	5,472
VW Group	16,234	17,481
Volkswagen	13,177	14,039
Audi	2,611	2,939
Seat	446	503
Volvo	961	1,214
Others	28	22
Total	82,511	85,121

JAPAN
Cars

	3 mos., 1987	3 mos., 1986
Daihatsu	21,478	27,085
Fuji	19,354	21,684
Honda	74,305	72,275
Isuzu	14,915	14,624
Mazda	50,059	48,597
Mitsubishi	44,162	42,741
Nissan	220,997	228,204
Suzuki	15,882	16,733
Toyota	388,149	373,187
Imports (all)	19,555	13,988
Total	868,856	859,118

Vans, trucks, buses

Daihatsu	106,954	96,954
Fuji	69,110	11,523
Hino	12,526	11,523
Honda	51,538	48,633
Isuzu	29,077	28,780
Mazda	37,264	40,751
Mitsubishi	103,972	96,954
Nissan	71,870	72,575
Nissan Diesel	7,277	6,713
Suzuki	113,457	109,145
Toyota	104,654	97,021
Imports (all)	48	51
Total	707,747	672,519
Total Vehicles	1,576,603	1,531,637

DENMARK
Cars

	5 mos., 1987	5 mos., 1986
BMW	1,091	1,705
Dacia	55	212
Daihatsu	973	1,884
Fiat Auto	3,680	4,255
Fiat	3,367	3,994
Lancia	53	0
Alfa Romeo	260	261
Ford	7,023	11,202
FSO	333	672
GM-Opel	9,525	14,821
Honda	1,154	1,518
Jaguar/Daimler	29	12
Lada	1,937	0
Mazda	5,461	8,760
Mercedes-Benz	662	613
Mitsubishi	1,192	316
Nissan	2,823	4,671
Peugeot SA	6,011	5,469
Citroen	3,520	3,910
Peugeot/Talbot	2,491	1,559
Renault	160	518
Rover Group	179	199
Saab	518	816
Skoda	1,442	1,665
Subaru	178	275
Suzuki	37	161
Toyota	6,420	10,692
VW Group	4,850	7,076
Volkswagen	3,714	6,112
Audi	665	443
Seat	471	521
Volvo	2,279	3,185
Wartburg	399	368
Zastava	476	771
Total	58,915	86,227

NORWAY
Cars

	4 mos., 1987	4 mos., 1986
BMW	4,152	1,913
Chrysler	11	1
Daihatsu	227	717
Fiat Auto	1,981	2,092
Fiat	1,784	1,904
Lancia	157	110
Alfa Romeo	40	78
Ford	5,766	9,268
GM-Opel	4,269	8,101
Honda	1,018	2,016
Isuzu	32	35
Jaguar	19	10
Jeep	4	2
Lada	673	890
Maserati	3	3
Mazda	3,199	5,404
Mercedes-Benz	907	1,487
Mitsubishi	1,911	2,528
Nissan	2,441	4,121
Peugeot SA	2,314	3,132
Citroen	962	1,066
Peugeot/Talbot	1,352	2,066
Porsche	6	10
Renault	319	386
Rover Group	0	1
Saab	685	1,217
Skoda	114	109
Subaru	909	1,226
Suzuki	295	237
Toyota	5,357	7,064
VW/Audi	4,152	6,634
Volvo	3,209	5,508
Total	40,552	64,112

FINLAND
Cars

	3 mos., 1987	3 mos., 1986
BMW	848	929
Daihatsu	136	207
Fiat/Lancia	1,475	1,919
Ford	3,052	3,121
FSO	142	141
GM-Opel	3,734	4,016
Honda	1,626	1,313
Isuzu	110	68
Lada	4,309	3,389
Mazda	2,753	3,130
Mercedes-Benz	863	884
Mitsubishi	2,110	2,163
Nissan	4,527	4,848
Peugeot SA	1,947	1,579
Citroen	548	588
Peugeot/Talbot	1,399	991
Renault	350	333
Saab	2,206	2,032
Skoda	401	468
Subaru	269	237
Suzuki	288	337
Toyota	6,300	5,063
VW Group	3,719	4,067
Volkswagen	2,445	2,700
Audi	790	666
Seat	484	701
Volvo	2,403	2,128
Others	197	463
Total	43,765	42,835

BRAZIL (Sales)
Cars, light commercial vehicles

	6 mos., 1987	6 mos., 1986
Agrale	688	667
Engesa	290	176
Fiat	33,247	51,343
Ford	62,497	99,987
General Motors	71,393	110,000
Gurgel	929	908
Mercedes-Benz	15,745	16,740
Saab-Scania	1,868	2,336
Santa Matilde	13	88
Toyota	1,666	1,727
Volkswagen	90,706	173,713
Volvo	797	1,334
Total	279,839	459,019

ITALY (Sales)
Cars

	4 mos., 1987	4 mos., 1986
ARO	889	762
BMW	7,120	7,455
Chrysler	11	16
Daihatsu	10	33
Fiat Auto	443,180	414,576
Fiat	325,684	305,870
Lancia/Autobianchi	72,807	61,504
Alfa Romeo	44,353	46,963
Ferrari	336	239
Ford	29,951	26,289
GM-Opel	24,117	23,122
Honda	25	50
Hyundai	720	376
Innocenti	4,873	4,637
Isuzu	35	0
Jaguar	226	126
Lada	674	499
Maserati	1,261	1,092
Mercedes-Benz	9,277	7,400
Mitsubishi	92	151
Nissan	10	1
Peugeot SA	54,295	49,043
Citroen	25,330	25,321
Peugeot/Talbot	28,965	23,722
Porsche	317	274
Renault	60,398	57,471
Rolls Royce	11	228
Rover Group	9,583	10,049
Saab	1,518	1,314
Skoda	614	564
Subaru	121	33
Suzuki	3,645	1,035
Toyota	566	224
VW Group	87,405	73,158
Volkswagen	56,172	51,703
Audi	7,427	5,226
Seat	23,806	16,229
Volvo	6,453	6,890
Others	187	752
Total	747,573	687,388

PRODUCTION

JAPAN
Cars

	3 mos., 1987	3 mos., 1986
Daihatsu	43,732	41,296
Fuji	74,244	77,965
Honda	246,464	257,480
Isuzu	51,935	52,121
Mazda	212,143	199,544
Mitsubishi	138,248	153,943
Nissan	482,992	438,796
Suzuki	71,804	66,285
Toyota	642,972	665,113
Total	1,964,534	1,952,543

Vans, trucks, buses

Daihatsu	114,126	107,816
Fuji	90,336	83,089
Hino	14,246	16,788
Honda	56,600	53,561
Isuzu	80,310	85,219
Mazda	99,772	108,489
Mitsubishi	165,646	150,513
Nissan	126,729	138,822
Nissan Diesel	8,018	8,822
Suzuki	135,941	141,023
Toyota	256,121	256,753
Others	97	193
Total	1,147,942	1,151,088
Total Vehicles	3,112,476	3,103,631

FRANCE
Cars

	4 mos., 1987	4 mos., 1986
Peugeot SA	576,973	526,141
Citroen	233,588	193,462
Peugeot/Talbot	343,385	332,679
Renault	504,313	424,447
Total	1,081,286	950,588

Vans, trucks, buses

CBM	0	19
Heuliez	74	26
Iveco-Unic	19	36
Peugeot SA		
Citroen	23,735	28,087
Peugeot/Talbot	34,230	30,878
Renault/RVI	98,239	98,928
Sovam	24	25
Total	156,331	157,999
Total Vehicles	1,237,617	1,108,587

AUCTION DATES

American Motors

July 28 — D-A Auto Auction, New Stanton, Pa.

July 29 — Minneapolis Auto Auction, Plymouth, Minn.

July 30 — Greater Chicago Auto Auction, Chicago; Evansville Auto Auction, Evansville, Ind.; and Todd Auto Auction, Telford, Pa.

Aug. 4 — Statesville Auto Auction, Statesville, N.C., and Aptco Auto Auction, Taylor, Mich.

Aug. 5 — Columbus Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

Aug. 6 — Corry Auto Auction, Corry, Pa., and Evansville Auto Auction, Evansville, Ind.

Chrysler Corp.

July 28 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

July 29 — South Seattle Auto Auction, Kent, Wash.; A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; and Southern Auto Auction, Warehouse Point, Conn.

July 30 — Fredericksburg Auto Auction, Fredericksburg, Va.

July 31 — St. Louis Auto Auction, Bridgeton, Mo.

Aug. 4 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

Aug. 5 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

Ford Motor Co.

July 28 — South Seattle Auto Auction, Kent, Wash.

July 29 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

July 30 — Baltimore-Washingon Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

July 28 — Harrisonburg Auto Auction, Harrisonburg, Va.

July 29 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

July 30 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Phoenix, Ariz.

Aug. 4 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and 166 Auto Auction, Springfield, Mo.

Aug. 5 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; and Omaha Auto Auction, Omaha, Neb.

Aug. 6 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

Used Car Sales
Auction Averages

July to date	$5,923
Month ago	$5,900
Year ago	$5,191

Model Breakdown
Auction Averages

	JUL 1987	JUN 1987	MAY 1987
1987	$11,207	$11,113	$11,046
1986	$9,109	$9,187	$9,287
1985	$7,177	$7,191	$7,194
1984	$5,745	$5,727	$5,718
1983	$4,852	$4,852	$4,873
1982	$3,680	$3,687	$3,705
1981	$2,645	$2,680	$2,705
1980	$2,078	$2,134	$2,141
Overall Average	$5,923	$5,900	$5,871

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MASSACHUSETTS

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Concord Auto Auction, Rt. 2, P.O. Box 257, Acton, Mass. 01720. Fleet & Lease accounts. Ford Factory Sale. Sale every Friday, 10 A.M. 617-263-8300.

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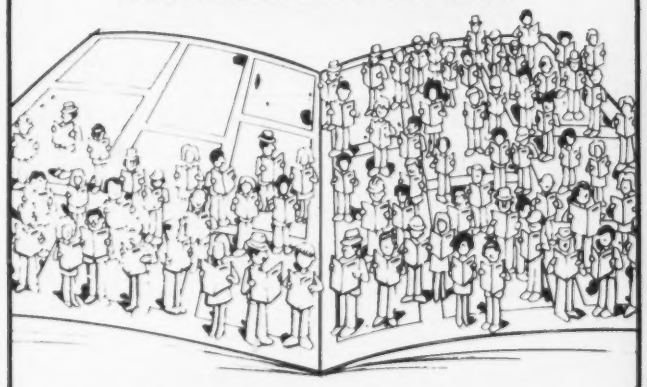

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Ford profits exceed combined total of U.S. rivals

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Ford Motor Co. continued its success story as it surpassed the combined earnings of General Motors, Chrysler Corp. and American Motors in the second quarter and first half of this year.

Ford's record earnings, as well as a profit by AMC, helped pull the domestic industry above last year's levels. GM and Chrysler reported lower earnings for the period.

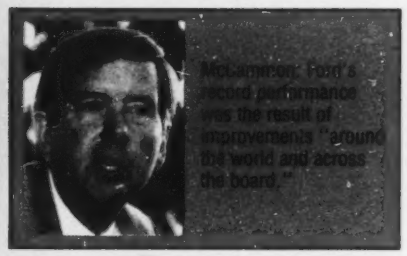
The domestic makers earned $2.9 billion in the April-June quarter, up 16 percent from the $2.5 billion earned in the year-ago quarter. Quarterly sales for the domestics totaled $53.8 billion, up 5 percent from $51.4 billion in the year-earlier quarter.

For the first six months of the year, the four domestic companies earned $5.6 billion, up 17 percent from $4.8 billion last year. Sales for the six months hit a record $105.2 billion, up 6 percent from $99.7 billion in the first half of 1986.

Ford Motor Co.

Ford earned $1.5 billion in the second quarter, its highest quarterly profit in history and an increase of 36 percent from the $1.1 billion earned in the second quarter of 1986. Ford sales for the quarter hit $19.5 billion, a record for any quarter in Ford history and up 13 percent from $17.3 billion in the same quarter a year ago. Worldwide factory unit sales were 1,694,000, up only 1 percent.

For the first six months of this year, Ford earned a record $3.0 billion, just shy of the $3.3 billion the company earned in all of 1986 and more than GM earned in all of 1986. It was also a 67-percent increase from the $1.8 billion that Ford earned in the first six months of 1986.



McCammon: Ford's record performance was the result of improvements "around the world and across the board."

Sales for the first six months totaled $37.6 billion, up 17 percent from $32.1 billion in the first half of 1986.

On a per-share basis, Ford earned $5.81 in the quarter compared with $4.02 a share in the year-ago quarter. For the six-month period, earnings were $11.54 a share, compared with $6.72 last year.

David McCammon, vice president — controller, said that Ford's record performance was the result of improvements "around the world and across the board."

He said sales and market share around the world improved from the previous year. At the same time, costs were lower this year.

In the United States, Ford's retail car and truck sales rose 5 percent for the quarter despite an industry decline of more than 5 percent compared to a year ago. Ford increased its second-quarter share of the U.S. car market by 2.6 percentage points to 20.6 percent. Ford's truck share rose 1.2 percentage points from the second quarter of 1986 to 29.5 percent this year. As for U.S. profits, Ford made $982 million in the quarter, up 24 percent from a year ago.

Outside of the United States, Ford earned $516 million, a quarterly record. That compares with overseas profits of $286 million in the second quarter of 1986, or an increase of 80 percent.

Ford posted record sales in Europe of 769,300 cars in the first half of the year. That was 57,400 units higher than in the comparable period a year ago. Ford estimated its share of the European automotive market at 12.0 percent, or 0.3 of a point better than last year's first half.

European truck sales hit their highest level since 1980 at 94,900 units, 22,300 higher than last year's first half. Ford estimated its truck share at 10.7 percent, or 0.7 of a point better than the same period last year.

Second-quarter profits were reduced by $52 million, or 20 cents per share, to reflect costs associated with the anticipated restructuring of the company's involvement in South African Motor Corp.

Ford Motor Credit contributed to Ford's continuing success with a record second-quarter profit of $192 million, a 22-percent increase from the $157 million earned in the second quarter of 1986.

The finance subsidiary's first-half earnings were a record $388.4 million, up 33 percent from $292.8 million in the year-ago first half. The company ended the period with assets of $46.6 billion, up 26 percent from year-ago levels.

The company financed 571,000 vehicles in the United States during the second quarter, compared with 508,000 a year ago, mainly because of incentives. That represented 42 percent of all Fords sold during the period.

General Motors

GM earnings for the quarter amounted to $980.3 million, down 4 percent from $1.0 billion earned in the 1986 second quarter. Sales for the quarter dropped 3 percent to $26.7 billion from $27.6 billion in the year-ago quarter. Worldwide factory sales totaled 2,058,000, a 14-percent decline from year-ago sales.

For the first six months, GM's earnings amounted to $1.9 billion, down 14 percent from $2.2 billion a year ago. Sales for the first half totaled $52.8 billion, down 3 percent from $54.4 billion in the 1986 first half.

On a per-share basis, GM earnings amounted to $2.80, compared with $2.92 for the year-ago quarter. For the first six months, GM earned $5.42 per share compared with $6.44 a share one year ago.

GM said it is ahead of targets for meeting the salaried employment reduction. The automaker said that since the middle of 1986, it has reduced its salaried rolls by 23,000, more than half way to its target of 40,000 by the end of 1988.

General Motors Acceptance Corp. had record earnings of $411.8 million for the second quarter, up 38 percent from $298.6 million in the same period a year earlier.

For the first six months, GMAC's earnings totaled $893.2 million, up 55 percent from $575.2 million in the year-ago first half.

GMAC said the higher income reflected higher average earning assets and lower borrowing costs.

GMAC financed 645,000 new cars and trucks in the United States and 148,000 vehicles in other countries, or about 24 percent of the vehicles it sold worldwide during the quarter.

GM's computer services subsidiary, Electronic Data Systems, had a profit of $72.0 million, or 59 cents a share, for the quarter, up 15 percent from $62.7 million (51 cents a share) a year ago.

EDS quarterly revenues increased 1 percent to $1.1 billion. Sales to GM and its subsidiaries amounted to $337.2 million of the total, up 30 percent from $259.1 million in the year-ago quarter.

For the first six months, EDS earned $136.6 million, up 15 percent from $118.3 million. Revenues for the six-month period rose 2 percent to $2.1 billion. Sales to GM and its subsidiaries accounted for $1.4 billion, down 7 percent from $1.5 billion.

Earnings for GM Hughes Electronics, GM's subsidiary that includes Hughes Aircraft and Delco Electronics, totaled $140.8 million, or 89 cents a share, up 6 percent from $133.0 million (85 cents a share).

Its sales totaled $2.6 billion, down 5 percent from $2.8 billion a year ago. Sales to GM and its affiliates totaled $807.8 million, down 7 percent from year-ago levels.

For the six month, GM Hughes Electronics earned $278.8 million, or $1.77 a share, up 12 percent from $249.2 million ($1.62 a share). Sales totaled $5.3 billion, even with 1986's first half. Sales to GM amounted to $1.7 billion, up 1 percent from year-ago levels.

Chrysler Corp.

Chrysler Corp. reported lower earnings on record sales for the second quarter.

Second-quarter profits totaled $428.7 million, down 12 percent from the $488.2 million earned in the year-ago second quarter. Sales set a record for the quarter of $6.4 billion, up 13 percent from $5.7 billion in the year-ago quarter. The previous sales record was $6.0 billion, set in the first quarter of this year.

Worldwide factory sales for the quarter were 558,122 units, down 3 percent from 572,869 in the 1986 second quarter.

Iacocca: Despite the earnings drop, it was "another solid performance for Chrysler."

For the first six months of the year, Chrysler earned $698.4 million, down 17 percent from $845.1 million earned in the same period a year ago. Sales hit a six-month record of $12.4 billion, up 8 percent from the $11.5 billion in sales in the first six months of 1986.

Worldwide factory sales for the six-month period were 1,128,124 units, down 1 percent from 1,139,640 units a year ago.

On a per-share basis, Chrysler earned $2 in the second quarter, compared with $2.19 a year ago adjusted for a three-for-two stock split in March. For the six months, earnings amounted to $3.24 a share, down from $3.76 a share.

Chrysler's 1986 earnings included a gain of $131.9 million from the sale of its stake in Peugeot.

Despite the earnings drop, Chrysler Chairman Lee Iacocca said it was "another solid performance for Chrysler," particularly in light of lower vehicle sales. He said the performance was due to Chrysler's program, started more than two years ago, to place greater emphasis on trucks and move upscale in its car lines.

Chrysler Financial Corp. reported record net earnings of $60 million for the second quarter, up 30 percent from the previous second quarter high of $46 million in the year-ago second quarter.

For the first six months of the year, Chrysler Financial earned a record $122 million, up 42 percent from the previous record of $86 million set in the first six months of 1986.

Chrysler Credit, the automotive finance subsidiary of Chrysler Financial, financed 212,902 new and used vehicles during the second quarter. It financed 30 percent of the new vehicles sold by Chrysler dealers.

Chrysler Financial's earnings increase was attributed to significant growth in the company's earnings assets and to an increase in finance volume by the automotive and diversified financing units.

American Motors

AMC, likely reporting its last quarterly earnings as an independent car company, announced its third consecutive quarterly profit after huge losses during the past seven years.

AMC reported profits of $30.2 million for the second quarter. That compares with a net loss of $52.0 million in the second quarter a year ago.

It was AMC's best-ever second quarter. The only quarter in AMC history in which profits were higher was the first quarter of 1979 when AMC earnings totaled $32.0 million.

For the six months, AMC earned $53.7 million this year compared with a loss of $71.0 million in the first six months of 1986.

AMC earned 17 cents a share in the quarter compared with a 50-cent-per-share loss in the second quarter of 1986. For the six months, AMC earned 29 cents a share compared with a loss of 70 cents a share for the first six months a year ago.

Earnings included tax credits of $17.0 million for the quarter and $32.6 million for the half.

Chrysler Chairman Lee Iacocca said "a big chunk" of AMC profits came from building 40,000 Chrysler Fifth Avenue cars at AMC's Kenosha, Wis., assembly plant. Chrysler has contracted with AMC to build its cars. It plans to acquire AMC next month.

AMC's sales for the quarter hit a record $1.2 billion, up 47 percent from $800.8 million in the year-ago period. For the first six months of the year, AMC sales amounted to $2.3 billion, up 35 percent from $1.7 billion in the first six months of 1986.

AMC's car and Jeep sales improved in every segment and region except automobiles sold outside of North America. Total worldwide sales of AMC cars and Jeeps amounted to 87,595 units for the quarter, up 19 percent from 73,363 in the year-ago quarter. For the six months, AMC sold 170,534 units worldwide, up 13 percent from 150,785 a year ago.

AMC President Joseph E. Cappy attributed the improvement in AMC's performance to strong worldwide Jeep sales, a richer product mix, improved operating margins, higher utilization of manufacturing capacity and continued improvement in manufacturing efficiency.

JWT agency keeps Ford account in U.S.; billing is $260 million

AMC holders approving buyout by wide margin

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Early returns from proxy votes by American Motors shareholders show overwhelming support for Chrysler Corp.'s proposed buyout of AMC.

An AMC spokesman said holders of 55 percent of the common shares had voted by proxy as of July 23, and 98 percent of those shares were voted in favor of the takeover. Among the votes in favor of the takeover were the 58,663,420 common shares owned by Renault. Renault holds 41.42 percent of all AMC common shares.

AMC said holders of 12 percent of the non-Renault common shares have voted by proxy, and 93 percent of those shares have been voted in support of the takeover.

Holders of less than 10 percent of AMC preferred shares have cast their ballots; their approval rate was 95 percent last week.

AMC will hold a stockholders' meeting Aug. 5 at its Southfield, Mich. headquarters. The results of the vote on the Chrysler takeover will be announced at that meeting.

The merger must be approved by holders of two-thirds of AMC's outstanding common and preferred shares, voting separately. It is also subject to the approval of a majority of the non-Renault common shares voted on the matter. The French government has already approved the proposal, however the U.S. and Canadian governments have yet to give their OK.

The AMC spokesman declined to give the exact number of AMC shareholders who have cast their ballots or how many shares are represented by those who have already voted.

Chrysler to select AMC exec bonuses

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — American Motors executives will not receive bonuses before Chrysler Corp.'s planned takeover of AMC this summer.

AMC directors approved a recommendation by AMC and Chrysler management on July 17 that allows Chrysler to determine AMC executive bonuses for the 1987 calendar year after the buyout.

AMC management will give Chrysler information on the performance of specific employees and their contribution to AMC's financial results during the 1987 calendar year. Based on the AMC bonus plan outlined in its recent proxy statement, AMC has set aside approximately $1.25 million for executive bonuses.

At last count, AMC had 125 employees on its bonus roll. AMC has not paid a bonus to its employees since 1986, based on 1979 financial results.

Chrysler set has set aside $102 million for bonuses, based on 1986 financial results. The bonuses will be paid to eligible Chrysler executives this year. AMC executives will not receive bonuses for 1986 because the company did not make a profit last year.

The Chrysler board normally awards bonuses to executives based on quality, productivity, market-share and marketing goals met during the year, according to a spokesman.

Despite general optimism toward the buyout, there was a report last week that a group of New York investors plans to file a protest with the Securities and Exchange Commission about Chrysler's purchase of AMC.

However, no such complaint had been registered with the commission by late last week. Chrysler and AMC officials said they do not know the name of the group or the nature of the alleged complaint.

Chrysler Corp. Chairman Lee A. Iacocca told reporters at a press conference last week that Chrysler's $4.50-per-share bid for AMC is "a very, very good deal" and indicated that Chrysler was not going to raise the price before the stockholders' meeting.

"That's the deal we offered and they're going to vote on it," he said.

Automotive analyst Ronald Glantz, of Montgomery Securities, San Francisco, said the complaint would be of little consequence to AMC or Chrysler at this point.

Iacocca predicted that Chrysler would close the deal "shortly after" the AMC stockholders' meeting on Aug. 5. However, the exact date will depend on the Federal Trade Commission, which must approve the deal.

Renault officials in France said last week that they supplied additional information to the Federal Trade Commission on July 17. The FTC had asked AMC, Chrysler and Renault for additional data in connection with the commission's review of the proposed takeover.

Automotive News Staff Reporter Mary Connelly in Detroit and Staff Correspondent Jean-Jacques Renaux in Belgium contributed to this report.

DEALERS

FROM PAGE 3

FTC further charged that those hours were enforced by threats of physical harm and property damage to non-complying dealers. There was a conspiracy of smaller scope to restrict newspaper advertising of vehicles, FTC said.

The dealers contended that they restricted their hours of operation in response to demands by their sales staffs.

Some charges were subsequently dropped, as were some respondent-dealerships and respondent-individuals. The trial began July 10, 1986, and ended late in October.

Timony's initial decision is limited to the Detroit Auto Dealers Association, 96 dealerships, 81 persons and 18 other associations, including line groups.

It may be appealed — initial decisions almost always are — or reviewed independently by the five FTC commissioners. If neither happens, the initial decision automatically becomes effective within 30 days.

There was a lengthy trial and voluminous documentation in the case, but there was never any question of the existence of an agreement among dealers and their trade associations.

The issue was whether it breached the antitrust laws. That, in turn, was determined by motivation and who benefited.

Among Timony's findings of fact was the lack of evidence that Saturday closings caused higher retail prices in the tri-county metropolitan Detroit area or that dealers in that area benefited by an increase in gross margins as a percentage of sales.

Timony noted the anomaly of the promotion of competition by the antitrust laws and the dimunition of competition through collective bargaining. The basic reason for exempting labor unions from the antitrust laws was that worker benefits may outweigh the lessening of competition.

The major case on which Timony rested his weighing of evidence was the 1965 U.S. Supreme Court decision in Amalgamated Meat Cutters v. Jewel Tea. He found the Jewel Tea case "remarkably similar" to the FTC-Detroit dealer case.

Both involved hours of operation and disagreements among retailers. Both involved union and worker demands.

Timony said in his initial decision, "The only material distinction from this case is that the food retailers in Chicago formally negotiated the hours reduction with the union, whereas the car dealers in Detroit, with the advice of their associations, gave in to the demands of their employees and unions to avoid formal multi-employer bargaining."

Timony noted that concerted activity is exempt from antitrust concerns if motivation came from labor concerns rather than business concerns and if the former is more direct than the latter.

From that point of view, Timony said, evidence in the Detroit case showed "the give and take of a struggle between labor and management." The weight of the evidence showed "substantial employee involvement" in operating hours, and the concerted action by dealers and their trade groups was impelled by that involvement, he said.

Timony concluded, "The evidence is clear that the impact of the combination here is greater on labor concerns than on competitive concerns. The uniform shortening of hours of operation directly responded to the concerns of the sales employees."

Compared with that direct impact, Timony called the effect on competition "remote." Car prices did not rise. Although consumers' shopping convenience was affected, that was "too indirect to outweigh the labor effects of uniform shorter hours of operation."

Timony's conclusion leading to the tentative dismissal of the case was, "Any successful labor demand for uniformity will affect competition. So long as the competitive effects flow naturally from the elimination of competition over wages, hours and working conditions, the goals of the antitrust laws must be subordinated to the goals of the labor laws.

"Here, the competitive effects flow directly from the elimination of competition over hours to meet the employees' demands."

Detroit is unique — it is the only metropolitan area in the United States in which almost all new-car dealerships are closed on Saturdays. According to Timony, in the communities "immediately surrounding the Detroit area," 88 out of 107 dealerships are open on Saturdays. The issue is of interest to dealerships in general because unionization is relatively rare except in urban areas.

At the Detroit Auto Dealers Association's press conference, Fischer declared that "Detroit is truly the auto capital of the country" and Timony's decision "confirms that Detroit is still the best place for a consumer to buy a car."

He also repeated the dealer association's claim that on average, a car costs at least $100 less in the Detroit market than it does elsewhere because dealers pass on cost savings resulting from the limitation on showroom hours.

Testimony in the trial showed that in the Cincinnati area, all 135 new-car dealerships are open on Saturdays. In the St. Louis area, 159 out of 161 are open Saturdays. All 364 Chicago-area new-car dealerships are open on Saturdays, as are all 168 new-car dealerships in the Cleveland area.

Unlike the Detroit area, however, dealerships in all except Cleveland — where Timony said collusion may exist — are open three or more weekday nights.

CONGRESS

FROM PAGE 1

ingly internationalized marketplace."

Greenwald praised the Japanese for their industriousness, attacked them for their "one-way trade policies" and warned that the United States had better be prepared to pay the price to compete with them and any other world economic power.

"Getting competitive is going to be expensive," Greenwald said. "It's going to take one helluva lot of sacrifice."

Greenwald outlined a seven-point bill of rights — "an amendment to the constitution of timid, laissez-faire management — be it in government or in industry."

He said government must cut the federal budget deficit, adopt a tough trade policy, create a national energy program, protect companies from corporate raiders, improve the educational system and reform the tax laws — again — to put them in line with those of our trading partners, Greenwald said.

Beyond all that, American industry must do its part by making a "proclamation of productivity, a declaration of quality and a treatise on customer service."

The odds of winning are stacked against the United States, especially when the competition is fighting the economic war like jungle-trained guerillas, Greenwald said.

"We can change those odds — but only if 'we the people' get mad enough and demand change," he said. "The key is having the will . . . and having the guts to face up to the costs — both the costs for our country and, ultimately, the costs for ourselves."

Mercer, who presented the suppliers' perspective on the industry, said the weakened dollar has only temporarily boosted U.S. competitiveness. He said long-term survival depends on companies becoming competitive in the world market.

"Right now, many American companies are riding the coattails of the devalued dollar," Mercer said. "But the dollar has only put their fatal illness into remission.

"When the dollar strengthens, as it will, world-class competitiveness is essential — not only against imports, but against emerging new suppliers in our own backyards."

Despite that backdrop, Mercer said there is a great opportunity for companies willing to make big investments and take risks.

Three corporate commitments must be made, he said: world-class product quality, global manufacturing efficiency and product innovation.

Mercer said suppliers must seek growth in the mature U.S. market through increased market share rather than an increase in total unit growth.

"In the rest of the world, suppliers must position themselves with manufacturing plants," he said. "They must supply emerging new contenders in developing nations that will export, as well as transplanted auto facilities — whether they are U.S. companies going overseas or foreign manufacturers coming to our shores."

DOMESTIC SALES

	July 11-20, 1987	July 11-20, 1986
Renault		
Alliance-Encore	526†	1,250†
AMC	150†	250†
American Motors	676	1,500
Chrysler	8,370	8,222
Plymouth	6,477	7,582
Dodge	8,515	11,422
Chrysler Motors	23,362	27,526
Ford	38,553	31,617
Mercury	13,048	12,121
Lincoln	5,885	3,970
Ford Motor Co.	65,486	47,708
Buick	14,370	16,448
Cadillac	5,759	4,975
Chevrolet	39,414	34,279
Oldsmobile	19,471	23,737
Pontiac	17,352	16,812
General Motors	96,746	96,251
Volkswagen	1,614	968
Honda	5,469	3,705
Nissan	2,984	20
Toyota	874	0
U.S. Industry Total	187,410	177,679

Car-sales slump ends; up 5%

By Karen Detkowski
SPECIAL CORRESPONDENT

Domestic new-car sales climbed 5.48 percent in mid-July, ending a slump that began eight selling periods ago in mid-April.

July 11-20 sales rose to 187,410 from last year's 177,679. Domestic sales since Jan. 1 totaled 3,996,599, down 11.33 percent from 4,507,132 in the year-ago period.

The mid-July daily selling rate was 23,426, up from 22,210 in 1986. There were eight selling days in the period both years. The July 1-10 rate was 20,738, based on sales of 165,910.

General Motors' sales were up 0.51 percent, marking GM's first increase since the last 10-day period in March. Volkswagen of America reported its first increase since the early-March period. VW sales of U.S.-built cars in mid-July rose 66.56 percent over last year's.

Also showing increases were Ford Motor Co., up 16.72 percent; and Honda, up 47.61 percent. Nissan sold 2,984 cars this year, compared to 20 in 1986 when stocks were depleted because its plant was down. American Motors' sales fell 55.00 percent; Chrysler Motors dropped 15.13 percent. Toyota reported sales of 874 U.S.-built cars; it began selling U.S.-made cars in September.

PRODUCTION

Auto production sags

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

With several plants idle for model changeover, last week's domestic auto production dipped from the prior week's output and the year-ago week's total.

Automakers targeted 73,890 cars last week, 19.51 percent below the previous week's 91,804 and 35.00 percent below the year-ago week's 113,681.

Last week's scheduled production was shared as follows: Ford Motor Co., 44.08 percent; General Motors, 31.70 percent; Honda of America Manufacturing Inc., 9.12 percent; Chrysler Motors, 6.50 percent; New United Motor Manufacturing Inc., 5.08 percent; and Nissan Motor Manufacturing Co. U.S.A., 3.52 percent.

As reported earlier, Volkswagen of America's Westmoreland, Pa., plant is idle for model changeover until Sept. 14.

Output at GM's Oklahoma City plant will be reduced by seven units per hour on Aug. 24. The plant assembles Century and Celebrity models.

GM's Framingham, Mass., plant, which is scheduled to begin 1988 output Sept. 14, will cut production of the Celebrity and Cutlass Ciera by four units per hour, and the Buick City plant in Flint, Mich., will reduce output of the LeSabre to one shift on Sept. 17.

GM closed three plants today for model changeover. They are: Pontiac, Mich., until Aug. 10; Bowling Green, Ky., until Aug. 17; and Van Nuys, Calif., until Aug. 17.

The following GM plants will resume output next week after being down for model changeover: Wentzville, Mo., on Aug. 3; Leeds, Mo., on Aug. 3; Lansing (No. 1), Mich., on Aug. 4; Buick City in Flint, Mich., on Aug. 4; and Lansing (No. 2), on Aug. 6.

Ford ended production of its rear-wheel-drive Continental at the Wixom, Mich., plant last week. The 1988 front-wheel-drive Continental is scheduled for introduction this fall.

Truck output steady at 67,778

Last week's scheduled domestic truck production of 67,778 was slightly below (0.34 percent) the previous week's 68,008 and 2.97 percent below the year-ago week's 69,855.

General Motors will permanently close its St. Louis plant Aug. 7; production of Crew Cab and extended-chassis models will be transferred to Janesville, Wis. Some employees will be transferred to GM's Wentzville, Mo., car plant.

GM last week added a second shift and 1,100 workers to its truck operations in Fort Wayne, Ind., where Chevrolet and GMC full-size pickups are built.

The Janesville plant will end production of Chevrolet and GMC R/V light-duty pickups on July 30. The plant will resume production Sept. 8, building Crew Cab and extended chassis models.

Car assembly climbs in Canada

Last week's targeted Canadian auto production of 8,237 was 79.03 percent more than the prior week's 4,601 but fell 19.71 percent from the year-ago week's 10,259.

Output during the last two weeks was affected by downtime at several assembly plants.

Estimated truck output of 7,516 units last week was 21.31 percent below the prior week's 9,551 but was 74.51 percent more than the year-ago week's 4,307.

Ford's Oakville, Ontario, plant will be idle until Sept. 21 for model changeover.

Chrysler Motors' Pillette Road plant in Windsor, Ontario, resumed operations today. The plant had been down since July 6.

CANADIAN CAR	Week Ended July 25, 1987	Week Ended July 26, 1986	Week Ended July 18, 1987	July to Date	Jan. 1 to July 26, 1986	Jan. 1 to July 25, 1987
AMERICAN MOTORS	0	0	0	163	2,382	3,095
FORD MOTOR	5,212	5,429	0	9,280	295,326	283,953
GENERAL MOTORS	2,400	4,605	3,881	17,392	328,967	161,541
HONDA	400	0	495	1,343	0	1,155
VOLVO	225	225	225	783	6,226	6,192
Total Cars, Canada	8,237	10,259	4,601	28,961	632,901	455,936

U.S. TRUCK☆	Week Ended July 25, 1987	Week Ended July 26, 1986	Week Ended July 18, 1987	July to Date	Jan. 1 to July 26, 1986	Jan. 1 to July 25, 1987
CHEVROLET	20,169	24,308	19,692	71,715	702,886	672,129
DODGE	0	2,339	2,702	8,932	51,998	141,731
FORD	29,678	29,700	28,949	58,627	814,885	839,144
GMC	8,601	7,426	7,806	27,027	211,909	220,979
NAVISTAR	0	0	0	806	40,127	40,037
JEEP	4,450	0	4,040	8,490	109,302	123,556
NISSAN	2,130	3,732	2,069	4,199	71,561	45,865
AM GENERAL*	450	50	450	1,620	1,462	7,560
MISCELLANEOUS*	2,300	2,300	2,300	10,280	66,240	66,400
Total Trucks, U.S.	67,778	69,855	68,008	191,695	2,070,370	2,157,401

CANADIAN TRUCK	Week Ended July 25, 1987	Week Ended July 26, 1986	Week Ended July 18, 1987	July to Date	Jan. 1 to July 26, 1986	Jan. 1 to July 25, 1987
AMERICAN MOTORS	0	545	0	1,161	16,170	18,081
CHRYSLER	0	0	4,236	13,228	227,108	239,258
FORD	3,496	0	0	5,255	61,859	87,075
GENERAL MOTORS	4,020	3,762	5,315	17,598	168,779	127,228
NAVISTAR	0	0	0	110	5,461	5,098
Total Trks., Canada	7,516	4,307	9,551	37,452	509,375	476,740
N. Am. Trucks	75,294	74,162	77,559	229,148	2,579,745	2,634,141

—Includes station van production. *—Estimated
Jeep includes commercial only. AM General includes government-contract vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Quarterly estimates may not add to total due to rounding.

U.S. CAR	Week Ended July 25, 1987	Week Ended July 26, 1986	Week Ended July 18, 1987	July to Date	Jan. 1 to July 26, 1986	Jan. 1 to July 25, 1987
AMERICAN MOTORS	0	0	0	0	30,037	15,994
Renault Total	0	0	0	0	30,037	15,994
Alliance	0	0	0	0	26,690	15,994
Encore	0	0	0	0	3,347	0
CHRYSLER MOTORS	4,800	15,028	6,718	35,943	796,667	625,791
Plymouth Total	1,100	5,694	128	5,791	237,067	185,361
Horizon	0	4,013	0	0	97,192	32,997
Sundance	0	1,316	0	2,384	4,257	56,294
Reliant	900	0	0	617	66,957	63,256
Caravelle	0	0	0	1,278	27,823	30,019
Gran Fury	200	365	128	512	10,838	2,793
Chrysler Total	2,400	3,209	5,051	19,164	254,383	212,556
Laser	0	0	0	0	27,239	0
LeBaron K	300	0	0	300	63,872	43,210
LeBaron J	0	0	3,142	8,877	0	70,194
LeBaron GTS	0	1,038	0	1,186	41,247	23,609
N. Yorker/E-Class	0	0	0	2,423	47,309	46,793
Fifth Avenue	2,100	2,171	1,909	6,378	74,716	28,550
Dodge Total	1,300	6,125	1,539	10,968	305,217	227,874
Daytona	0	0	1,029	3,219	30,807	33,909
Omni	0	3,327	0	0	93,998	28,363
Shadow	0	1,189	0	2,557	3,799	57,629
Aries	900	6	0	1,513	75,480	60,267
Dodge 600	0	0	0	1,246	46,756	26,922
Lancer	0	552	0	779	33,260	15,006
Diplomat	400	957	510	1,674	21,227	5,776
FORD MOTOR	32,576	35,673	29,490	62,066	1,028,130	1,085,076
Ford Division	24,202	24,305	24,325	48,527	704,755	769,985
Escort	7,973	7,937	8,660	16,333	219,426	212,789
Mustang	4,594	4,249	4,486	9,080	117,033	122,826
Tempo	0	4,103	0	0	113,603	99,830
Taurus	7,970	4,970	7,431	15,401	163,712	239,739
Thunderbird	3,665	3,046	3,748	7,413	90,981	94,799
L-M Division	8,374	11,368	5,165	13,539	323,375	315,093
Mercury Total	5,246	7,832	5,165	10,411	222,967	215,968
Lynx	244	1,421	237	481	36,992	21,135
Capri	0	203	0	0	10,791	0
Topaz	0	1,259	0	0	34,240	32,858
Cougar	2,403	1,885	2,506	4,909	69,346	85,387
Sable	2,599	3,064	2,422	5,021	71,598	76,588
Lincoln Total	3,128	3,536	0	3,123	100,406	93,125
Continental	0	403	0	0	11,304	9,610
Lincoln	2,606	2,651	0	2,606	75,825	74,694
Mark VII	522	482	0	522	13,779	14,821
GENERAL MOTORS	23,423	54,315	42,767	149,850	2,595,662	2,103,741
Buick Total	1,568	14,598	7,528	24,923	470,764	333,253
Skyhawk	0	0	0	577	53,159	16,451
Century	0	4,368	3,183	8,280	147,724	103,225
Regal	1,440	0	1,444	4,506	36,489	26,123
Somerset/Skylark	0	3,143	0	487	67,704	37,072
LeSabre (fwd)	0	4,887	2,799	9,603	85,910	80,693
LeSabre (rwd)	128	349	111	381	8,931	5,643
Electra (fwd)	0	1,004	0	1,072	54,977	53,545
Riviera	0	845	0	18	15,870	6,501
Cadillac Total	150	1,961	150	4,744	194,075	162,067
Cimarron	0	394	0	28	15,781	7,489
Allante	150	0	150	515	0	2,635
Brougham (rwd)	0	0	0	440	49,101	38,116
DeVille (fwd)	0	0	0	3,636	101,033	90,573
Eldorado	0	785	0	63	14,796	10,534
Seville	0	782	0	63	13,364	12,720
Chevrolet Total	16,812	13,926	21,177	71,829	796,976	807,747
Chevette	0	0	0	0	61,031	0
Camaro	4,501	0	2,049	10,166	115,869	67,717
Cavalier	0	4,187	4,451	11,418	248,857	204,851
Celebrity	0	3,089	4,372	12,016	159,932	192,484
Corsica/Beretta	8,000	0	6,118	25,043	0	170,649
Monte Carlo	1,178	2,205	973	3,602	67,947	41,135
Chevrolet	2,493	3,801	2,625	7,399	127,757	113,223
Corvette	640	644	589	2,185	15,783	17,686
Oldsmobile Total	2,708	15,337	3,258	16,672	645,193	390,450
Firenza	0	0	0	539	23,400	2,019
Calais	0	1,863	0	1,609	72,909	69,547
Cutlass Ciera	0	3,466	0	1,447	165,271	99,968
Cutlass Supreme	1,402	0	1,373	5,113	84,031	44,367
88 (fwd)	1,306	8,374	1,885	6,857	208,523	107,303
88 (rwd)	0	0	0	174	11,749	10,656
Olds 98	0	1,051	0	886	67,412	37,869
Toronado	0	583	0	46	11,898	10,127
Pontiac Total	2,165	8,495	10,654	31,681	488,654	410,224
Acadian*	0	0	0	0	9,864	0
Fiero	0	0	0	0	44,332	20,689
1000	0	0	0	0	11,792	0
Firebird	965	0	1,192	4,314	70,440	46,427
2000 Sunbird	0	148	0	0	84,198	60,295
Grand Am	0	4,933	4,166	13,266	134,394	149,576
6000	0	3,300	1,999	5,048	92,450	48,689
Bonneville	1,056	0	3,173	8,481	0	78,687
Safari/Parisienne	164	114	124	573	41,184	5,861
HONDA	6,741	4,833	6,208	23,376	110,786	190,467
Civic	2,081	0	1,748	7,385	0	63,424
Accord	4,660	0	4,460	15,991	0	127,043
NISSAN	2,600	0	2,633	5,233	21,517	74,815
NUMMI	3,750	3,832	3,986	13,639	116,877	112,733
Corolla	750	0	891	2,927	0	23,471
Nova	3,000	0	3,097	10,713	0	89,262
VOLKSWAGEN	0	0	0	2,666	50,282	43,129
Golf/GTI	0	0	0	2,266	0	34,775
Jetta	0	0	0	400	0	8,354
Total Cars, U.S.	73,890	113,681	91,804	282,773	4,749,958	4,251,748
Total Cars, Canada	8,237	10,259	4,601	28,961	632,901	455,936
N. American Cars	82,127	123,940	96,405	321,734	5,382,859	4,707,684
N. Am. Trucks	75,294	74,162	77,559	229,148	2,579,745	2,634,141
North American Cars and Trucks	157,421	198,102	173,964	550,882	7,962,604	7,341,825

*—All Alliances are built for sale in Canada.

Curbs asked on New York auto brokers

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — State Attorney General Robert Abrams has called on the state legislature to enact laws regulating the activities of auto brokers in New York state. He wants brokers to hold customer deposits in an escrow account.

The move followed an announcement that his office had obtained a court order freezing the assets of a New York City auto broker charged with bilking approximately 100 consumers nationwide of more than $700,000 since 1985.

Abrams obtained a court order earlier this month against Automobile Buyers Network. The firm is temporarily barred from advertising as an auto broker in this state and from soliciting advance payments from consumers pending results of an Aug. 17 hearing.

Repeated attempts to contact Automobile Buyers Network were unsuccessful; no one answered the telephone.

The attorney general is seeking restitution for consumers and is seeking to bar the company from doing business in New York unless it posts a $750,000 security bond.

The issue was brought to the attorney general's attention by the Better Business Bureau, which had been attempting to resolve many of the complaints.

Abrams proposed legislation that "would protect consumers' deposits by mandating that they be placed into interest-bearing escrow accounts. Brokers would only have access to the deposit after the car is delivered or for repayment to consumers." In the Automobile Buyers Network case, Abrams said the company falsely offered foreign cars, including Mercedes-Benz, Porsche, Saab, Audi and Volvo, at savings of up to $22,000 in various national publications.

According to Abrams, the company required an advance deposit of at least 20 percent of the agreed purchase price plus a 3.3 percent fee. It assured consumers they would receive prompt refunds if cars proved to be unavailable.

Abrams said some customers paid in full for vehicles that they were assured were available for immediate delivery. He said the cars were not delivered, and customers did not receive refunds.

Output of Lynx to end Aug. 14

DETROIT — After seven years of production, Ford Motor Co. will build its last Mercury Lynx model Aug. 14.

The Lynx has been replaced by the Mexican-built Tracer. Though the Tracer went on sale in March, limited quantities of the Lynx are being produced through the end of the model year.

Lynx output ended earlier this month at Ford's Wayne, Mich., plant and will end Aug. 14 in Edison, N.J., a spokesman said. Capacity is being taken up by the Ford Escort, a sister to the Lynx. The two lines were introduced in 1980.

Through the first half of the year, Escort was the nation's top-selling domestic car. In 1986, it outsold the Lynx by a margin of more than 6 to 1 — 402,181 to 65,497.

— David Versical

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AUTOMOTIVE NEWS/JOE WILSSENS PHOTOS

Faces of the World Congress, from left: Carl Olsen of the Center of Creative Studies, Dealer Ronald Tonkin and Michael Kimberley of Lotus

WORLD CONGRESS: *Industry examines responses to escalating competition*

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

Focusing on the flood of new nameplates, additional new worldwide capacity and innovations in retailing, the 12th Annual Automotive News World Congress provided more than 500 industry executives with a glimpse of a rapidly changing and intensely competitive future.

"By 1991 there will be 15 automakers here (in the United States) compared with four 10 years ago," Robert E. Mercer, chairman of Goodyear Tire & Rubber Co., told the opening-night session, and he noted that "right along with them are coming new aggressive transplant suppliers."

He added, "Timid U.S. manufacturers with average cost and quality will become marginal competitors alongside more aggressive and efficient American and foreign companies."

Meeting that competition head-on with product alone, however, is not enough, Gerald Greenwald, Chrysler Motors chairman, said in his keynote address.

"We in American industry have to do our part," he said, adding that a "competitive manifesto" should be adopted. "This manifesto should include a proclamation of productivity, a declaration of quality and a treatise on customer service," Greenwald said.

The dizzying array of product already in the marketplace means that "the customer is king," said J. David Power III, president of J.D. Power and Associates, a California marketing and consulting firm. Power added that he expects incentives to remain a fact of life for automakers for the forseeable future.

Edward Hagenlocker, vice president and general manager of Ford's truck operations, estimated that "by the mid-1990s, we expect car and truck manufacturers to have capacity in place for more than 20 million vehicle sales in the United States alone.

see CONGRESS, page 47

Robert Sinclair of Saab, left, told a World Congress audience: "My job, the way I see it, isn't work at all. It's fun. It helps, of course, if your company's making money." Sinclair showed off a 900 convertible at the World Congress.

Toyota seen eyeing huge Brazil stake

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — Usually reliable reports say Toyota is contemplating a massive $2.4 billion investment in car and component plants in Brazil — its first of any significance in the country and its most aggressive outside Japan.

Despite official denials by Toyota in Japan and Brazil, the reports should not be taken lightly. A strong production position in Brazil, which is not likely to face U.S. trade restrictions for many years because of the billions it owes U.S. lenders, could provide Toyota a protected beachhead for U.S. access if further restrictions are imposed on Japanese imports.

In addition, in the face of rising yen values, a Brazilian base could provide Toyota a lower-cost source of small, low-priced cars for sale in North America.

Brazil has been trying to attract Japanese investment for many years. President Jose Sarney recently announced that financially attractive export production zones will be established around the country as part of a broad plan to reduce Brazil's $112 billion foreign debt.

In Japan, Prime Minister Yasuhiro Nakasone has promised to make $30 billion a year available for International Monetary Fund-approved projects in the developing world. The move follows criticism from other world leaders of the buildup of Japan's foreign trade surplus, now estimated at $93 billion.

Luiz Carlos Bresser Pereira, Brazil's finance minister, said in Washington that his country is preparing to make an agreement with the IMF on debt repayment. That would open the door for Brazil to receive $1 billion annually of the promised $30 billion overseas investment by Japan.

see TOYOTA, page 4

GM banks on new car for rebound drive

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The Oct. 1 debut of the Buick Regal marks the start of the largest new-car program in General Motors history — and one of the most critical.

The Regal is the first of a new family of midsized cars, code-named GM10, to be introduced. The Oldsmobile and Pontiac versions will follow the Regal in late winter, and Chevrolet's version debuts in the 1989 model year.

The GM10 cars are aimed at the heart of GM's market. GM's midsized cars accounted for 1.6 million units, or 35 percent of GM sales in calendar 1986. Nonetheless, GM has seen its entries in that segment lose sales to the imports and to Ford's popular Taurus and Sable.

GMers involved with the program, dealers and industry watchers know GM10 is critical to turning the automaker around and regaining lost market share.

As one dealer said, "If these cars flop, we're in serious trouble."

see GM10, page 8

GM 10	Replaces	Assembly Plants	Announcement Dates
Buick Regal	Initially G-body Regal; eventually A-body Century	Oshawa, Ontario #2	Oct. 1, 1987
Oldsmobile Cutlass Supreme	Initially G-body Cutlass Supreme; eventually A-body Cutlass Ciera	Fairfax, Kan.	March 1988
Pontiac Grand Prix	Initially G-body Grand Prix; eventually A-body 6000	Doraville, Ga.	April 1, 1988
Chevrolet (No Name)	Initially G-body Monte Carlo; eventually A-body Celebrity	Oshawa, Ontario #1	1988 model year

Plastic pickup box slated for 1990s

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

The Big 3 auto manufacturers are developing pickup trucks that will make use of plastic composite materials in the pickup box and possibly in other areas.

Ford Motor Co. is developing a next-generation pickup truck, scheduled for the 1993-1994 time frame, which may have a composite plastic pickup bed and plastic cab components. Also, the company plans to begin fleet-testing composite pickup beds on existing platforms over the next few years.

Chrysler Motors is looking to develop a composite pickup bed for a low-volume model in the 1992-1993 time frame.

General Motors is also experimenting with composite pickup truck beds.

James K. Reinker, manager of advanced automotive development for DiversiTech General, a major manufacturer of composite plastic components, said composites promise to reduce the number of parts in the pickup bed, eliminate the need for anti-corrosion measures and reduce weight.

"A steel pickup box has a tremendous number of parts that are welded together," he said. "A molded composite box would reduce those parts."

A Ford engineer, who asked not to be identified, added, "It's safe to say that we will see a fair number of demonstration pieces, in (increasingly larger fleet tests) over the next few years.

"The first production application will be, logically, in a 10,000- to 20,000-volume model."

The Ford engineer said a next generation pickup

see PLASTIC, page 4

Lotus establishes design facility — Page 2

Mercedes, BMW enter incentive arena — Page 4

GM cuts 50,000 units for third quarter — Page 59

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UAW seeks to close loopholes in job protection

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

The UAW hopes to devise an innovative job security system aimed at closing loopholes in programs that local union leaders say have allowed thousands of jobs to be lost to non-UAW plants and foreign countries.

In negotiations that began last week, the UAW is seeking to beef up or replace General Motors' Job Opportunity Bank.

The union has not made public the demands it presented to Ford Motor Co. last Thursday. But at the National Ford Council meeting in June, the union said that Ford's Protected Employee Program is also targeted for revision.

The new job security system would guarantee the jobs of the approximately 490,000 workers at GM and Ford. The labor contracts at those companies expire Sept. 14.

GM and Ford have not rejected the union's demand out of hand. On the contrary, Peter Pestillo, Ford vice president — employee and external affairs, said, "The union's goal of job security has never been a conflict to us. . . . It's very clearly our intention to provide work."

GM Vice President Alfred Warren, the company's top negotiator, said he understood the union's principle, but he added, "Whatever we do cannot make us less competitive than we are."

Analysts have said that Ford — which cut 100,000 workers from its rolls in the downturn from 1979 to 1982 — will find it easier to guarantee jobs than GM. GM said it wants to jettison production of 10 percent of its components that are not competitive.

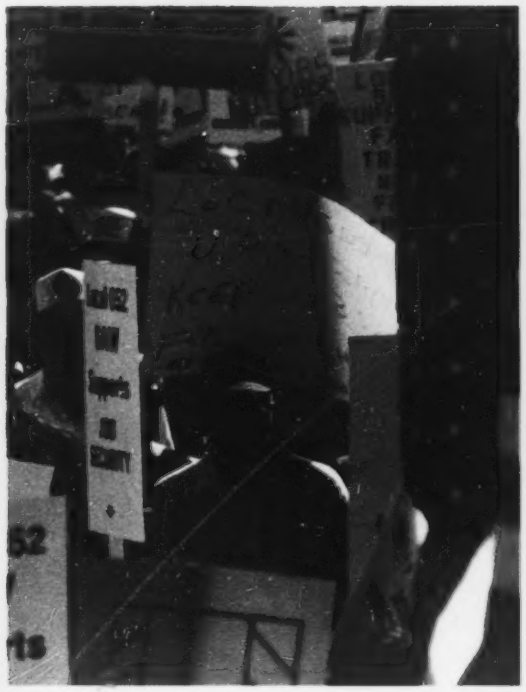
Both the job bank and employee protection programs were designed to shield workers laid off for certain specific reasons by giving them training or finding other work for them in the corporation.

The circumstances under which employees are covered include work reduction due to new technology, outsourcing, productivity improvements and transfer or consolidation of operations. But employees are not entitled to move into the programs if their work is cut because of volume reduction.

"That's one of the major problems we're trying to solve," said Donald Ephlin, UAW vice president and head of the union's GM department.

Jobs lost through attrition also do not create slots in the job bank.

GLENN TRIEST



GLENN TRIEST

Clockwise, from top: Ceremonial handshake between Ford Vice President Peter Pestillo, right, and UAW President Owen Bieber begins the contract talks at Ford; UAW demonstrators march around GM Building as talks get underway; GM Vice President Alfred Waren, left, and Bieber begin the talks at GM. The UAW is seeking to beef up or replace GM's job bank. The union has not made public the demands presented to Ford.

And one unforeseen wrinkle in the job bank, negotiated in 1984, was the split of the Canadian Auto Workers from the UAW in 1985. The transfer of work to GM plants in Canada does not create slots, although it is now considered outsourcing by the UAW, since it can result in UAW members losing their jobs.

A Ford spokesman declined to provide details on the protected employee bank at this stage of the negotiations. But according to Steve Wyatt, treasurer of Local 600, which represents Ford's Rouge complex, U.S. workers who lose their jobs when work is transferred to Ford plants in Canada qualify for that bank providing the Canadian plants don't get additional jobs as a result of the transfer of work.

With the increasingly attractive production costs in Canada, the UAW foresees more outsourcing of its work there.

"The labor cost differential is probably greater between us and Windsor today than between us and Hiroshima (Japan)," Ephlin said. The labor cost advantage in Canada is generally put at $8 an hour (U.S.).

"It's the biggest loophole" in the UAW's safety net for workers, said Clayton Moll, president of Local 668, representing GM foundries in Saginaw, Mich.

Moll said hundreds of jobs in Saginaw have been lost to a GM foundry in St. Catharines, Ontario, and to other locations without placing an equal number of Saginaw workers in the job bank.

The Canadian foundry "has two main advantages" over GM foundries in Saginaw and in Ohio, Illinois and Indiana, Moll said.

"The first is national health insurance and the second is a 30 percent differential" in the exchange rate.

Moll said the Saginaw foundries will continue to lose work to Mexico and countries like Brazil without corresponding job bank slots being created because GM has "manipulated language" in the agreement. He said GM treats the transfer of Saginaw work to foreign countries as "volume reduction."

John Coale, president of Local 662 at GM's Delco Remy Division in Anderson, Ind., said that the complicated language of the job bank makes it difficult for locals to "identify the qualifying event" enabling laid-off workers to move into the program.

Coupled with loopholes in the job bank, Moll said another way the company erodes U.S. jobs is through Paragraph 96 in the national agreement. That provision prohibits workers from following their jobs if they are moved outside the United States, he said.

About 880 workers are currently laid off from the Saginaw foundries due to those loopholes, Moll said. Those workers do not qualify for the JOB bank, he said. Moll said he demonstrated in front of the GM building last week in total support of the international in its program to keep GM from eliminating jobs.

Both Ford and GM have plans to continue outsourcing in the United States and abroad. They say it is essential to remain competitive. Pestillo said, for example, that Ford can't build a small car like the Festiva profitably in the United States.

But he said that foreign sourcing and the union's goals are not in conflict. He said he believes that the UAW's priority is securing work for its members.

Foreign sourcing will not be a burning issue, "if we can keep our plants filled," Pestillo said.

But UAW president Owen Bieber blasted the automakers at press conferences last week, claiming their expanded activities with foreign producers showed irresponsibility to American workers and their communities.

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Reatta plant eyes bigger role

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

LANSING, Mich. — The Buick Reatta plant plans to attract more of General Motors' low-volume specialty-vehicle business with the anticipated success of the Buick two-seater.

The Lansing plant, now called the Reatta Craft Centre, was previously the Oldsmobile Axle and Forge Plant. It is now in the pilot production stage of the Reatta, a two-seat luxury car that will not be shared by other divisions.

J. Robert Thompson, Reatta program manager and plant manager, said he hopes the Reatta is just the beginning. The plant's long-term goal is to become GM's assembly plant for specialty vehicles with volumes of 15,000 to 40,000 units annually.

The Lansing plant also will serve as GM's incubation center for new ideas in management style, labor-management relationships, manufacturing processes and supplier relationships.

Reatta production begins in the fall, and the car goes on sale after the first of the year. The car is expected to be priced between $25,000 and $30,000, and sales volume is expected to be 25,000 to 30,000 units annually.

The plant's low volume allows GM to try new ideas with minimum risk, Thompson said.

Already some new ideas are being tried out.

UAW Local 1618, which represents 650 workers, has formally adopted the team concept of production. Teams of five to 15 people learn each team member's job and rotate through those jobs. The employees have more authority and more responsibility than in traditional plants.

The manufacturing process at the Lansing center is totally different from the manufacturing process in GM's high-volume assembly plants. There is no traditional assembly line. The car in its various stages of build-up is carried on an automated guided vehicle.

An overhead monorail drops the body onto the chassis, carried on an automated guided vehicle. The vehicle then travels to a series of work stations, called the Premier Center by workers.

see REATTA, page 22

GM plans overtime for Corsica/Beretta

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors plans to schedule overtime at the two Chevrolet Corsica/Beretta assembly plants. The plants are in Wilmington, Del., and Linden, N.J.

Robert Burger, Chevrolet general manager, said the overtime will be implemented "sometime soon." He said it is needed because of increased demand for the new cars.

"We're selling them at a rate of 1,600 a day and we're only building 1,400 a day now," Burger said. Even though demand is rising, Burger said incentives will continue, primarily because of similar programs offered by the competition.

"You need to keep things on even terms," he said. "You're not going to get away from incentives until you can get everyone in the industry away from them."

Burger was here to participate in an annual meeting of the Future Farmers of America sponsored by Chevrolet.

Recreational Vehicle Wholesale Deliveries

1987	May 1986	May change	% 1987	5 months 1986	5 months change	%
Travel trailers	7,800	7,700	+ 1.3	43,600	40,600	+ 7.4
Folding camping trailers	3,800	3,000	+26.7	18,300	16,600	+10.2
Truck campers	1,000	800	+25.0	4,700	3,200	+46.9
Towable RV total	12,600	11,500	+ 9.6	66,600	60,400	+10.3
Conventional (type A)	3,500	2,900	+20.7	16,900	14,300	+18.2
Van Campers (type B)	500	700	−28.6	2,800	2,700	+ 3.7
Chopped vans (all)	2,800	3,100	− 9.7	12,600	12,200	+ 3.3
Motor home total	6,800	6,700	+ 1.5	32,300	29,200	+10.6
Van conversions	18,400	17,700	+ 4.0	81,500	84,300	− 3.3
TOTAL ALL RVs	37,800	35,900	+ 5.3	180,400	173,900	+ 3.7

Source: Recreation Vehicle Industry Association.

RV shipments climb 5% for May; 5-month total shows 3% advance

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

RV wholesale shipments totaled 37,800 in May, a 5.3 percent increase over May 1986.

The year-to-date total reached 180,400 units, up 3.7 percent over the figure for the first five months of 1986. Seasonally adjusted, they represented an annual sales rate of 408,000, according to the Recreation Vehicle Industry Association.

Van conversion shipments totaling 18,400 in May were up 4 percent from like 1986.

Their year-to-date total of 81,500 was 3.3 percent below last year's, according to RVIA, but it is progressively moving toward last year's level.

Van chassis shipped with seat-delete options by the major Detroit manufacturers to van customizers continue to portend strong future shipments of customized vans to dealers.

In May, Chevrolet, GMC, Ford and Dodge shipped 20,700 vans with the seat-delete option to customizers, a 31 percent increase over the 15,800 shipped in May 1986.

In the first five months of this year, the four major domestic makers shipped 92,600 vans with seat deletes to customizers, a 26.3 percent gain over 73,300 in the 1986 period.

Of the May seat-delete van shipments, 3,700 were compact vans, a 19.4 percent gain over 3,100 shipped in 1986. Year-to-date, domestic automakers shipped 16,700 compact vans without seats to customizers, a 21.9 percent gain over 13,700 last year.

In May, domestic auto firms shipped 17,000 full-sized vans without seats to customizers, a 33.9 percent gain over 12,700 last year. The five-month total was 75,900 such vans, a 27.3 percent gain over last year.

In May, manufacturers wholesaled 12,600 towable RVs, up 9.6 percent from last year.

The industry also wholesaled 6,800 motor homes in May, up 6.6 percent from a year ago.

Warranties puzzle dealers, buyers

Salespeople want van converters to provide more information

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Van-conversion customers most commonly ask what a unit costs, its towing capability and the kind of conversion company that produced the unit — its history, reputation and warranties.

Those are among the findings of a 10-city dealership survey by Burson-Marsteller for the Recreation Vehicle Industry Association.

The survey of dealership-only personnel was part of the agency's efforts to help promote sales of van conversions (see related story).

The survey found that warranties have caused some confusion among dealers and consumers.

For instance, Ford gives a warranty on the engine, chassis and other mechanicals. The interior luxuries, such as TV, bed and carpeting, are typically warranted by the converter.

Van converters, however, often aren't very clear about what's under contract and what's not. To complicate matters, some dealers buy van conversions through out-of-state conversion houses. Therefore, they say, they sometimes must commission a local factory to guarantee the interiors.

Most salespeople feel that improving the information about warranties would enhance customer relations and purchases.

The survey also found that minivans are cutting into the van-conversion market. Sales representatives have noticed the floor traffic moving in that direction. Since minivans cost less and are perceived as upscale, trendy vehicles, consumers are finding them attractive.

On the flip side, many dealers recognize that increased traffic flow is an opportunity to sell more van conversions. The minivan is bringing into the dealership consumers who never would have considered van conversions before.

Converted vans need greater visibility in view of the strong consumer interest generated by minivans, the survey concluded.

Dealership sales personnel said that most van-conversion buyers know they want such a unit before visiting the dealership.

Already having the model in mind, customers then choose option packages.

It's rare that a customer can be switched to a different vehicle, and in those instances he usually has been in the market for a station wagon or regular van.

Basically, dealership salespeople don't put a lot of effort into selling converted vans, the survey found.

They regard them as "pre-sold" items and take a "back-seat" approach to selling them.

The survey found that salespeople regarded van-conversion customers as people who were not impulse buyers, but knew that they wanted a specially equipped vehicle and had been thinking about their purchase for a long time. Buyers were described as concerned with engineering and quality of construction, brand-loyal and willing to spend money for extras.

When salespeople did make points about a van conversion, it was usually about the unit's smooth ride, its driving ease and spaciousness and the reputation of the conversion house that produced it.

Dealerships almost always get information about the conversion units from the conversion companies, rather than from the van manufacturers.

Conversion houses provide dealerships with brochures, price indexes and option-package information. Additionally, converters' representatives frequently visit the car dealerships to conduct seminars on the features of the van and available floor plans.

One interesting sales technique was used by an auto dealership in Jacksonville, Fla.

Since the van converter is located near the dealership, one sales representative takes her potential customers to the factory to view the actual assembly. Customers are able to query the van converter's management about engineering and interiors.

Sales representatives generally feel they receive ample information from converters to sell the vehicles, the survey found. Aside from wanting warranties to spell out specifically what's covered on interior extras in the vehicle, the only time they feel they need additional information is when something new is introduced in the van-conversion market.

In terms of additional marketing tools, sales representatives said anything that would help "liven up" their sales presentation would be welcome.

Profile of van-conversion buyer loaded with sales tips

NEW YORK — Van conversions represent the fast-growing segment of the overall RV market and show the greatest future growth potential.

But to penetrate that sizable and profitable market, van conversion dealers should learn the demographics, psychographics and lifestyles of prospective buyers to improve their sales effectiveness, a Burson-Marsteller study concludes.

The study, prepared for a Recreation Vehicle Industry Association promotion (see related story), pointed out that baby-boomers are prime targets for van conversion sales.

The average age of a van conversion buyer is 35 to 45, according to the study. Some 27 percent of buyers are in that range.

Dealers are advised to go beyond their lots and promote van conversions, emphasizing the benefits of the lifestyle for young, active families.

Demographics show that 75 percent of van conversion owners are married, 85 percent are homeowners and they are more likely to take family vacations than most Americans.

In their marketing efforts, dealers are advised to point out that van conversions encourage family togetherness by enabling families to travel affordably.

The study revealed that most van conversion owners are employed full-time in white-collar positions, with incomes averaging between $25,000 and $49,999, exceeding the national average.

When selling to people in that income bracket, dealers are advised to emphasize the value and benefits of van conversions.

The study also found that a high percentage of van conversion owners live in the most populous areas of the United States and take shorter vacations.

Some 36 percent live in the East Central and West Central regions. About 19 percent live in the Southeast and 19 percent on the Pacific Coast.

Dealers are advised to know the vacation attractions and campsites in their areas and use them as selling points, emphasizing the convenience and excitement of short trips.

Typically, van conversion owners are goal-oriented achievers, the study found.

It is important to them to be in control of their destinations and the amount of money they spend on vacations.

Dealers are urged to point out that on van conversion vacations, expenses can be budgeted prior to the trip, giving travelers complete control of their journeys.

Typically, achievers enjoy camping and are outdoor- and sports-oriented. Therefore, dealers should emphasize how van conversions complement that lifestyle.

Van conversion buyers are also value-minded, conservative spenders. They shop about 5.6 dealers on average. They know brand names and features. And their primary purchasing concerns are price, quality and interior design.

Therefore, dealers should sell aggressively, addressing buyer concerns to outsell the competition, the study said.

Van conversion buyers want new, not used, vehicles.

They tend to upgrade within product categories, are trend-conscious, look for high-tech features and typically buy on impulse for small "extra" items.

Therefore, dealers should focus on new van sales, highlighting special features and pitching impulse items and extras, the study advised.

Van conversions also can be sold as third cars, the study pointed out.

More than half of van owners already have two cars, so their van conversion serves as a leisure and transportation vehicle.

Dealers can stress the value of vans for carpooling, moving large items and transporting the family on long trips.

They should also stress convenience.

Vans enable families to travel without a lot of planning, for example, with the flexibility to alter vacation plans in mid-course, if necessary.

The vans are always ready to go, eliminating the need to book hotel rooms or plane reservations or worry about anything more than routine maintenance.

RVIA adopts communications program to spur growth of van-conversion market

RESTON, Va. — The Recreation Vehicle Industry Association's public relations agency, Burson-Marsteller, is launching a marketing communications program to expand the van conversion market.

The 1987-1988 program was approved by RVIA's board of directors at its June meeting in Arlington, Va.

Differences between dealer networks for traditional RV products and van conversions convinced the RVIA's Custom Van Conversion Committee that it should seek a targeted communications approach to promote van sales.

The van conversion communication program consists of two phases: market research and media relations. Its target audience is not only the consumer, but also auto dealers who may need additional incentives or information to market the product effectively.

To develop a thorough understanding of the current environment for van conversions, including the complete marketing and selling process, Burson-Marsteller conducted a study of the van conversion market.

The results of the research will be made available to van converters, dealers and General Motors, Ford and Dodge. It includes a profile of van conversion buyers — why they buy them, how they use them and how their purchase may influence their purchase of a traditional RV product in the future.

The media portion of the van program is twofold.

First, Burson-Marsteller will use the same USA Today "advertorial" approach it used successfully to kick off the RVIA's industrywide market expansion program in 1986.

A van-specific advertorial combining editorial content and advertising to generate consumer interest in van conversions will appear in a late September issue of the newspaper, which has circulation of 4.5 million.

Publication will be timed to the introduction of 1988-model van conversions. Reprints will be available to dealers for use as consumer handouts.

Highlights of the advertorial will be repackaged for distribution to the estimated 24,000 persons who will attend the National Automobile Dealers Association convention next February.

Scott Chapman, president of Bivouac Industries in Vandalia, Mich., and chairman of RVIA's Custom Conversion Committee, said the committee is exploring a number of ways to achieve high visibility for van conversions at the NADA convention.

A Trade News Bureau is also being formed to stimulate an exchange of information among van conversion dealers.